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MEMORANDUM

TO: Thomas B. Miller, Commissioner
Department of Revenue

FROM: Robert M. Gillim, Executive Director *RMG*
Office of Processing and Enforcement

DATE: November 3, 2011

SUBJECT: Annual Adjustment of Tax Interest Rate

Pursuant to KRS 131.183, the 2012 tax interest rate has been set at four percent (4%). The rate charged by the Kentucky Department of Revenue on unpaid taxes is six percent (6%). When interest is due on a refund, the rate shall be two percent (2%).

This rate, effective January 1, 2012, is based on the prime interest rate charged by Kentucky banks during the month of October 2011. A recent survey of Kentucky banks revealed that the average prime interest rate in October was 3.69 percent. Pursuant to KRS 131.183(1) (c) the average prime rate is rounded to the nearest full percent which is four percent (4%).

Approved *Thomas B. Miller*
Thomas B. Miller, Commissioner
Department of Revenue

Date 11.8.2011